



May 2022 Newsletter

Overview

The stock markets continue to be jittery this month with remaining concerns around Covid-19, world commodity prices (particularly energy) and inflation generally. Again I view the consumer price index published by the UK government. You can read this months [here](#).

Main points are:

- *"The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 7.8% in the 12 months to April 2022, up from 6.2% in March.*
- *The largest upward contributions to the annual CPIH inflation rate in April 2022 came from housing and household services (2.76 percentage points, principally from electricity, gas and other fuels, and owner occupiers' housing costs) and transport (1.47 percentage points, principally from motor fuels and second-hand cars).*
- *On a monthly basis, CPIH rose by 2.1% in April 2022, compared with a rise of 0.7% in April 2021.*

- *The largest upward contributions to the change in the CPIH 12-month inflation rate between March and April 2022 came from housing and household services (1.27 percentage points), restaurants and hotels (0.11 percentage points), and recreation and culture (0.10 percentage points), with the largest partially offsetting downward contribution from clothing and footwear (0.09 percentage points)*
- *The Consumer Prices Index (CPI) rose by 9.0% in the 12 months to April 2022, up from 7.0% in March.*
- *On a monthly basis, CPI rose by 2.5% in April 2022, compared with a rise of 0.6% in April 2021.*

Again the above points are reflected by my index filter discussed in my article [“How To Decide When to Trade”](#)

Running the long filter on major indices again reveals that very few indices meet the criterion of the filter (although more than last month). This remains a sign of flat lining or falling markets. If they are falling then it would be reflected in the short filter (also described in the above article) Running that filter again returns no indices that meet the criterion so my interpretation is that the markets are still flat lining with significant volatility.

This remains a sign to exercise caution, with fewer than normal stock trades and then only in FTSE 100, FTSE 350 and FTSE All-Share stocks since only those indices meets the filter criterion.

One issue to be aware of is that the FTSE 100 is approaching an all time high and may stall if this acts as as resistance. There are signs that this is starting to happen and therefore caution should be the watchword.



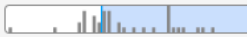






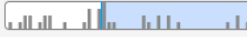


We can also run the long filter on both commodities and FOREX.

Running the filter on commodities still shows more opportunities than in stocks with 9 different commodities passing the filter, still headed by Natural Gas with a 16.5% increase in the last 20 trading days.

This is not surprising since we are in a major period of high inflation and an economy which is pretty flat. Commodities are typically a good bet in such environments.

You can see the results of the long filter below.

18 - Trading - Major Index Filter - Long Trade Entries Add criteria Exit

- MA / MA (20,50 EMA) Min: 1  Max: Edit 
- MA / MA (50,100 EMA) Min: 1  Max: Edit 
- MA / MA (100,200 EMA) Min: 1  Max: Edit 
- % change since 20 trading days ago Min: 3  Max: Edit 
- Market Cap. (intraday) (m) Min: Max: Edit 
- MA (20 EMA) ratio price / MA Min: 1  Max: Edit 
- Price Min: Max: Edit 

| No. | Name | MA / MA (20,50 EMA) | MA / MA (50,100 EMA) | MA / MA (100,200 EMA) | %chg 20td | Market Cap. (intraday) (m) | MA (20 EMA) ratio price / MA | Price |
|-----|---|---------------------------|----------------------------|-----------------------------|--------------|----------------------------------|------------------------------------|-----------|
| 1 | Natural Gas Composite (Most Traded) | 1.12 | 1.15 | 1.17 | ▲ 16.5 | | 1.02 | 869.9c |
| 2 | Heating Oil (ULSD) Composite (Most Tr... | 1.06 | 1.09 | 1.14 | ▲ 17.3 | | 1.08 | 431.43c |
| 3 | Gasoline (RBOB) Composite (Most Tra... | 1.08 | 1.10 | 1.14 | ▲ 19.2 | | 1.08 | 422.19c |
| 4 | Brent Oil Composite (Highest Open Int... | 1.05 | 1.06 | 1.10 | ▲ 14.4 | | 1.06 | \$123.475 |
| 5 | Crude oil (Light Sweet) Composite (Mo... | 1.05 | 1.07 | 1.11 | ▲ 24 | | 1.07 | \$122.11 |
| 6 | West Texas Intermediate Composite (Hi... | 1.06 | 1.06 | 1.10 | ▲ 26.9 | | 1.07 | \$121.831 |
| 7 | Crude oil (Brent) Composite (Most Trad... | 1.04 | 1.06 | 1.11 | ▲ 20.6 | | 1.07 | \$123.58 |
| 8 | Coffee Composite (Nearest Tradable M... | 1.01 | 1 | 1.05 | ▲ 13.8 | | 1.02 | 231.85c |
| 9 | Platinum (LBM) £ | 1.01 | 1.01 | 1 | ▲ 4.43 | | 1.03 | £799.36 |

Oil and Gas dominate the commodity markets, again not surprisingly given the continued war in the Ukraine and it's effect on those markets and trades on those markets represent large upside and low risk on the downside.

Running the filter on FOREX also shows no current opportunities in the ten major pairs.

Running Trades

Considering all the above I am limiting trades to those that pass my filter and looking at stocks in the FTSE and commodity markets.

The running trades from last month, which are reproduced below (at the values they were last month). Both trades continued to progress well and both hit the the profit targets making a profit of £5985 on Natural Gas and £6000 on the USD/JPY trade!

Running trades from April 2022

| Positions | | | | | | | Add to workspace ➔ | |
|--------------|-------|---------|---------|---------|-------|------------------|--------------------|--|
| MARKET | SIZE | OPENING | LATEST | STOP | LIMIT | PROFIT/LOSS | | |
| USD/JPY | +20 | 12567.0 | 12641.8 | 12562 T | 12867 | £1,496.00 | Market closed | |
| Natural Gas | +6.65 | 7131.00 | 7388 | 7111 T | 8031 | £1,709.05 | Market closed | |
| Total | | | | | | £3,205.05 | | |

You can see more of my live trades on this website - both winning and losing!

That's all for now.....watch out for the next newsletter!

Regards

Colin